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Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

COME-00 EB-11 LAB-06 SIL-01 M-03 A-01 OPR-02 SY-07

OC-06 RSR-01 /128 W
---------- 092439
R 190730 Z MAR 73
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TO SECSTATE WASHDC 6705
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
USMISSION EC BRUSSELS UNN
USMISSION NATO

C O N F I D E N T I A L COPENHAGEN 0568

E. O. 11652 GDS
TAGS: PINT ECON ELAB DA
SUBJ: NATION- WIDE LABOR CONFLICT TO COMMENCE MARCH 21

REF: COPENHAGEN 0497, 0416 AND A-42

1. SUMMARY: MAJOR LABOR CONFLICT, INVOLVING QUARTER MILLION WORKERS, APPEARS CERTAIN TO COMMENCE MARCH 21, FOLLOWING BREAK- DOWN OF NATION- WIDE WAGE NEGOTIATIONS OVER WEEKEND. PRIME MINISTER STATED EVENING MARCH 19 THAT GOVT WILL NOT INTERVENE TO PREVENT THE CONFLICT. STRIKE/ LOCKOUT ACTIONS WILL AFFECT METALWORKING,
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CONSTRUCTION AND TRANSPORT SECTORS INITIALLY WITH GRADUAL EXPANSION TO OTHER SECTORS PROBABLE. AT BOTTOM, THE CONFLICT IS A POLITICAL CONFRONTATION BETWEEN EMPLOYERS FEDERATION AND THE SOCIAL DEMOCRATIC GOVT OF ANKER JORGENSEN.

END SUMMARY.

2. DESPITE MANY INDICATIONS THAT AN AGREEMENT WAS WITHIN REACH, NATION- WIDE WAGE NEGOTIATIONS FOUNDERED EVENING MARCH 16, WHEN EMPLOYERS FEDERATION WAS UNABLE TO ACCEPT COMPROMISE PROPOSAL OF NATIONAL MEDIATOR. ADDITIONAL EFFORTS OVER WEEKEND AT GOVT LEVEL PROVED AGREEMENT WAS NOT FORSEEABLE, EVEN IF CONFLICT POST- PONED ADDITIONAL TWO WEEKS, ANDPRIME MINISTER ANKER JORGENSEN ANNOUNCED ON TELEVISION MARCH 19 THAT GOVT WOULD NOT INTERVENE-- THAT STRIKE WOULD HAVE TO RUN ITS COURSE. THUS DENMARK APPEARS ON THRESHOLD OF LARGEST LABOR CONFRONTATION SINCE 1936.

3. STRIKES AND LOCKOUTS WILL COMMENCE EARLY HOURS MARCH 21 AND WILL IN INITIAL PHASE AFFECT PRIMARILY METALWORKING, CONSTRUCTION AND TRANSPORT SECTORS. ALL OVERSEAS OCEAN TRANSPORT, PASSENGER AND GOODS, WILL BE STRUCK, INCLUDING UNITED STEAMSHIP COMPANY ROUTES BETWEEN ESBJERG AND THE UNITED KINGDOM. SIMILARLY ALL PRIVAE DOMESTIC FERRIES (KALUNDBORG- JUELSMINDE, THE ODDEN- GRENAA, AND THE HUNDESTED- GRENAA FERRIES) WILL BE STOPPED. EXCEPTED, HOWEVER, ARE DANISH STATE RAILROAD FERRIES (RODBY- PUTTGARTEN, HELSINGOR- HALSINGBORG) AND THE PRIVATE FERRY LINE GEDSER- TRAVE MUNDE. MAIN CONNECTION BETWEEN ZEALAND AND FYNE AND JUTLAND, THE HALSKOV- KNUDSHOVED LINE, IS ALSO A STATE RAILROAD CONNECTION UNAFFECTED BY THE STRIKE. SO FAR, ALL AIR TRAFFIC IS EXEMPTED. HOWEVER, IT IS ONE OF MORE VULNERABLE AREAS. ANY EXPANSION OF THE STRIKE, WHETHER BY AIRCRAFT MAINTENANCE MECHANICS, OR BY TEAMSTERS TRUCKING GASOLINE COULD IN TIME AFFECT AIR TRAFFIC. DOMESTIC AND OVERSEAS TRUCKING WILL, IN MOST CASES, BE HALTED BY STRIKE.

4. THE NATIONAL MEDIATOR' S COMPROMISE PROPOSAL WAS A PACKAGE OF WAGE INCREASES AND BENEFITS TOTALING 765 MILLION KRONER (125 MILLION DOLLARS) IN FIRST CONTRACT YEAR, 926 MILLION KRONER (150 MILLION DOLLARS) IN SECOND-- AN AVERAGE DIRECT INCREASE OF APPROX- IMATELY 6.2 PERCENT OF TOTAL ANNUAL WAGE BILL PAID BY DANISH EMPLOYERS FEDERATION (DA). (SEE COPENHAGEN A-42). TRADE UNION FEDERATION (LO) ACCEPTED COMPROMISE PROPOSAL MARCH 16, BUT DA

INFORMED MEDIATOR THAT IT WAS UNABLE TO ACCEPT ONE POINT, NAMELY,

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A TEN ORE (1.6 CENT) PER HOUR INCREASE IN AUTOMATIC COST- OF- LIVING ESCALATOR BENEFIT. AT PRESENT THIS ESCALATOR SYSTEM ADDS THIRTY ORE (4.8 CENTS) TO THE HOURLY WAGE OF ALL INDUSTRIAL EMPLOYEES, WHEN-EVER THE COST- OF- LIVING INDEX RAISES BY THREE POINTS. A TENORE INCREASE, TO FORTY ORE, WOULD COST EMPLOYERS AN ESTIMATED 83 MILLION KRONER OVER THE 250 MILLION KRONER CURRENT COST OF EACH ESCALATION. SINCE NUMBER OF ESCALATION BONUSES DURING COMING TWO YEAR PERIOD COULD BE AS HIGH AS FIVE (AT TOTAL COST OF 415 MILLION KRONER IN TWO YEAR CONTRACT PERIOD), EMPLOYERS WERE UNDERSTANDABLY RELUCTANT.

5. BEHIND EMPLOYER REJECTIONOF MEDIATOR' S PROPOSAL, OF COURSE, LIES MORE BASIC ISSUE OF POLITICAL PRINCIPLE. SINCE FORMATION OF SOCIAL DEMOCRATIC MINORITY GOVT IN FALL OF 1971, EMPLOYERS HAVE FELT HARD- PRESSED IN SOCIALIST PINCER TACTIC. WHAT TRADE UNIONS HAVE NOT OBTAINED IN DIRECT NEGOTIATIONS, THEY HAVE OBTAINED BY LEGIS-LATION, PUSHED THROUGH FOLKETING BY SOCIALIST PARTIES ONE VOTE MAJORITY. CONSEQUENTLY, EMPLOYERS HAVE SOUGHT A FIRM COMMITMENT BY GOVT TO PRINCIPLE THAT LEGISLATION AFFECTING LABOR MARKET CONDITIONS AND COSTS SHOULD NOT BE PRESENTED UNTIL APPROVED BY BOTH EMPLOYER AND TRADE UNION ORGANIZATIONS. SOCIAL DEMOCRATIC GOVT HAS REFUSED TO CONCEDE, IN EFFECT, THE POWER OF INITIATIVE TO LABOR MARKET ORGANIZATIONS, BUT IT HAS, IN CONNECTION WITH CURRENT EFFORTS AT BUDGET CUTTING, ASSURED DA THAT IT HAS NO CURRENT PLANS WHICH WOULD AFFECT LABOR COSTS OVER COMING TWO- YEAR CONTRACT PERIOD.

6. REAL BOGEY FOR EMPLOYERS, IN THIS CONNECTION, IS SOCIAL DEMOCRATS PROPOSAL FOR ECONOMIC DEMOCRACY. GOVT HAS PROMISED ONE-YEAR DEFERRAL OF ACTIONON THIS CRUCIALMATTER, BUT IT HAS REFUSED TO AGREE NOT TO ENACT SUCH A BILL UNTIL BOTH EMPLOYRS AND TRADE UNION ORGANIZATIONS WERE WILLING TO ACCEPT IT. CONSEQUENTLY, WITH SOCIAL DEMOCRATIC PARTY' S POPULAR SUPPORT AT AN ALL- TIME LOW, EMPLOYERS APPARENTLY HAVE OPTED FOR MAJOR CONFRONTATION WITH ANKER JOGENSEN GOVT. SINCE SOCIALIST PEOPLES' PARTY, ON WHICH GOVT DEPENDS, WILL HVE DIFFICULTY GOING ALONG WITH ANY SIGNIFICANT CONCESSIONS, GOVT COULD WELL BE FACING DIFFICULT PERIOD AHEAD. DUNNIGAN

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